
Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The State Lottery Department accounts for all receipts and expenses from the operations of the State Lottery.

The Virginia College Savings Plan administers the Virginia Prepaid Education Program that locks in future college costs for minors from birth through the ninth grade. The fund accounts for the actuarially determined contributions and payments for approved expenses. In previous years, the Virginia Education Savings Trust has been reported as part of the Enterprise Fund. This plan is now reported as a Private-Purpose Trust Fund.

The Pocahontas Parkway Association accounts for the Route 895 Connector Project. The Association is a blended component unit of the Department of Transportation (Primary Government).

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers. In previous years, this fund was reported as an expendable trust fund.

Nonmajor Enterprise Funds include those operations of State agencies which are listed on page 177 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of State agencies which are listed on page 193 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2002

(Dollars in Thousands)

	Business-Type Activities Enterprise Funds				
	State Lottery	Virginia College Savings Plan	Pocahontas Parkway	Unemployment Compensation	Nonmajor
Assets					
Current Assets:					
Cash and Cash Equivalents (Notes 1 and 4)	\$ 10,336	\$ 41,712	\$ 11,251	\$ 837,455	\$ 92,912
Investments (Notes 1 and 4)	188,249	571	22,506	-	19,716
Receivables, Net (Notes 1 and 5)	36,195	1,882	1,445	37,567	16,570
Due From Other Funds (Note 6)	-	-	-	-	-
Inventory (Note 1)	3,545	-	-	-	29,201
Prepaid Items (Note 1)	1,296	-	26	-	712
Other Assets (Notes 1 and 7)	5	-	-	-	188
Total Current Assets	239,626	44,165	35,228	875,022	159,299
Noncurrent Assets:					
Investments (Notes 1 and 4)	392,543	398,952	35,305	-	-
Receivables, Net	-	281,977	-	-	-
Prepaid Items (Note 1)	-	-	-	-	110
Other Assets (Notes 1 and 7)	-	-	20,334	-	-
Nondepreciable Capital Assets (Notes 1 and 9)	-	-	310,842	-	1,726
Depreciable Capital Assets, Net (Notes 1 and 9)	20,850	212	-	-	18,757
Total Noncurrent Assets	413,393	681,141	366,481	-	20,593
Total Assets	653,019	725,306	401,709	875,022	179,892
Liabilities					
Current Liabilities:					
Accounts Payable (Note 1)	12,269	488	10,916	-	13,326
Amounts Due to Other Governments	-	-	-	4,237	-
Due to Other Funds (Note 6)	116	14	711	116	6,616
Interfund Payable (Note 6)	-	-	-	-	23,440
Deferred Revenue and Deferred Credit (Note 1)	2,834	-	-	-	1,788
Claims Payable (Notes 1 and 15)	-	-	-	-	25,764
Obligations Under Securities Lending Program (Notes 1 and 4)	131,149	627	-	-	7,958
Other Liabilities (Notes 1 and 16)	43,205	65	3,420	30,868	189
Long-Term Liabilities Due Within One Year (Notes 1, 14, and 17)	60,583	20,322	-	-	3,623
Total Current Liabilities	250,156	21,516	15,047	35,221	82,704
Noncurrent Liabilities:					
Interfund Payable (Note 6)	-	-	-	-	1,450
Claims Payable (Notes 1 and 15)	-	-	-	-	-
Other Liabilities (Notes 1 and 16)	-	-	15,715	-	-
Long-Term Liabilities Due in More Than One Year (Notes 1, 14, and 17)	404,252	761,793	418,961	-	13,283
Total Noncurrent Liabilities	404,252	761,793	434,676	-	14,733
Total Liabilities	654,408	783,309	449,723	35,221	97,437
Net Assets					
Invested in Capital Assets, Net of					
Related Debt	8,683	-	-	-	14,789
Restricted for Unemployment Insurance	-	-	-	839,614	-
Restricted for Construction by Bond Resolutions	-	-	59,993	-	-
Restricted for Capital Acquisition	-	-	-	187	-
Unrestricted	(10,072)	(58,003)	(108,007)	-	67,666
Total Net Assets	\$ (1,389)	\$ (58,003)	\$ (48,014)	\$ 839,801	\$ 82,455

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included in business-type activities.
Net assets of business-type activities

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	
	Totals	Internal Service Funds
\$	993,666	\$ 142,696
	231,042	9,936
	93,659	19,489
	-	35,869
	32,746	13,453
	2,034	2,735
	193	1,313
	<u>1,353,340</u>	<u>225,491</u>
	826,800	-
	281,977	-
	110	840
	20,334	-
	312,568	150
	<u>39,819</u>	<u>74,103</u>
	1,481,608	75,093
	<u>2,834,948</u>	<u>300,584</u>
	36,999	17,325
	4,237	4,172
	7,573	241
	23,440	1,098
	4,622	27,418
	25,764	142,717
	139,734	10,920
	77,747	1,251
	<u>84,528</u>	<u>5,278</u>
	404,644	210,420
	1,450	8,785
	-	115,219
	15,715	-
	1,598,289	17,463
	<u>1,615,454</u>	<u>141,467</u>
	2,020,098	351,887
	23,472	50,467
	839,614	-
	59,993	-
	187	-
	(108,416)	(101,770)
\$	<u>814,850</u>	<u>\$ (51,303)</u>

\$	663
\$	<u>815,513</u>

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds

For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virgina College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Operating Revenues:				
Charges for Sales and Services	\$ 1,108,068	\$ 165,149	\$ 80	\$ 158,257
Interest, Dividends, Rents, and Other Investment Income (Note 1)	-	(5,628)	4,649	-
Other (Note 18)	-	-	550	-
Total Operating Revenues	1,108,068	159,521	5,279	158,257
Operating Expenses:				
Cost of Sales and Services	69,237	-	-	-
Prizes and Claims (Note 19)	604,534	-	-	656,332
Tuition Benefits Expense	-	252,886	-	-
Personal Services	19,330	2,306	-	-
Contractual Services	34,792	3,263	740	-
Supplies and Materials	2,226	60	-	-
Depreciation and Amortization (Note 20)	5,861	45	306	-
Rent, Insurance, and Other Related Charges	5,595	157	-	-
Interest Expense	-	-	23,976	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	-
Other (Note 21)	265	147	-	-
Total Operating Expenses	741,840	258,864	25,022	656,332
Operating Income (Loss)	366,228	(99,343)	(19,743)	(498,075)
Nonoperating Revenues (Expenses):				
Interest, Dividends, Rents, and Other Investment Income (Note 1)	10,091	-	-	60,058
Other (Note 22)	210	-	-	216,527
Total Nonoperating Revenues (Expenses)	10,301	-	-	276,585
Income (Loss) Before Transfers	376,529	(99,343)	(19,743)	(221,490)
Operating Transfers In	-	-	-	-
Operating Transfers Out	(376,889)	(73)	-	(426)
Change in Net Assets	(360)	(99,416)	(19,743)	(221,916)
Total Net Assets, July 1, as restated (Note 26)	(1,029)	41,413	(28,271)	1,061,717
Total Net Assets (Deficit), June 30 (Note 27)	\$ (1,389)	\$ (58,003)	\$ (48,014)	\$ 839,801

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.
Change in Net Assets of business-type activities

The accompanying notes are an integral part of this financial statement.

Nonmajor	Totals	Governmental Activities
		Internal Service Funds
\$ 512,635	\$ 1,944,189	\$ 807,591
-	(979)	-
8,134	8,684	27
520,769	1,951,894	807,618
236,499	305,736	55,604
100,069	1,360,935	586,579
-	252,886	-
71,853	93,489	43,328
21,520	60,315	103,507
2,757	5,043	6,148
5,216	11,428	16,540
15,294	21,046	25,977
-	23,976	454
20,754	20,754	-
2,946	3,358	4,124
476,908	2,158,966	842,261
43,861	(207,072)	(34,643)
5,199	75,348	6,983
(382)	216,355	(3,358)
4,817	291,703	3,625
48,678	84,631	(31,018)
103	103	477
(46,889)	(424,277)	(2,233)
1,892	(339,543)	(32,774)
80,563	1,154,393	(18,529)
\$ 82,455	\$ 814,850	\$ (51,303)

\$	663
\$	(338,880)

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2002

(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virgina College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Cash Flows from Operating Activities:				
Receipts for Sales and Services	\$ 1,104,895	\$ 89,990	\$ 80	\$ 160,638
Receipts from Investments	-	-	6,002	-
Internal Activity-Receipts from Other Funds	-	-	-	1,084
Internal Activity-Payments to Other Funds	(1,725)	(381)	-	(2)
Payments to Suppliers for Goods and Services	(72,476)	(94)	-	-
Payments for Prizes, Claims, and Loss Control (Note 29)	(663,645)	-	-	(648,502)
Payments for Tuition Benefits	-	(2,028)	-	-
Payments to Employees	(19,227)	(2,124)	-	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-	-
Payments for Interest	-	-	(9,129)	-
Other Operating Revenue (Note 29)	-	-	-	-
Other Operating Expense (Note 29)	(34,791)	(2,790)	-	-
Net Cash Provided by (Used for) Operating Activities	313,031	82,573	(3,047)	(486,782)
Cash Flows from Noncapital Financing Activities:				
Transfers In From Other Funds	-	-	-	-
Transfers Out to Other Funds	(376,447)	(73)	-	(426)
Other Noncapital Financing Receipt Activities (Note 29)	1,201	-	-	216,527
Other Noncapital Financing Disbursement Activities (Note 29)	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(375,246)	(73)	-	216,101
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(2,239)	(139)	(59,545)	-
Payment of Principal and Interest on Bonds and Notes	(2,572)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Other Capital and Related Financing Receipt Activities (Note 29)	-	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(4,811)	(139)	(59,545)	-
Cash Flows from Investing Activities:				
Purchase of Investments	(13,348)	(1,266,158)	(81,002)	-
Proceeds from Sales or Maturities of Investments	57,653	1,098,696	144,125	-
Investment Income on Cash, Cash Equivalents, and Investments	9,643	18,178	-	60,058
Net Cash Provided by (Used for) Investing Activities	53,948	(149,284)	63,123	60,058
Net Increase (Decrease) in Cash and Cash Equivalents	(13,078)	(66,923)	531	(210,623)
Cash and Cash Equivalents, July 1, as restated (Note 26)	23,419	108,635	10,720	1,048,078
Cash and Cash Equivalents, June 30	\$ 10,341	\$ 41,712	\$ 11,251	\$ 837,455
Reconciliation of Cash and Cash Equivalents:				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	\$ 10,336	\$ 41,712	\$ 11,251	\$ 837,455
Cash and Travel Advances	5	-	-	-
Cash and Cash Equivalents per the Statement of Cash Flows	\$ 10,341	\$ 41,712	\$ 11,251	\$ 837,455

The accompanying notes are an integral part of this financial statement.

		Governmental Activities	
Nonmajor	Totals	Internal Service Funds	
\$ 504,199	\$ 1,859,802	\$ 115,282	
-	6,002	-	
3,828	4,912	689,854	
(908)	(3,016)	(4,454)	
(255,267)	(327,837)	(100,444)	
(98,370)	(1,410,517)	(574,912)	
-	(2,028)	-	
(69,751)	(91,102)	(40,015)	
(20,276)	(20,276)	-	
-	(9,129)	-	
7,229	7,229	1	
(21,032)	(58,613)	(108,448)	
49,652	(44,573)	(23,136)	
103	103	477	
(145,145)	(522,091)	(2,225)	
103,359	321,087	231	
-	-	(214)	
(41,683)	(200,901)	(1,731)	
(8,836)	(70,759)	(17,401)	
-	(2,572)	(5,397)	
-	-	1,894	
-	-	1	
(8,836)	(73,331)	(20,903)	
(4,596)	(1,365,104)	-	
3,631	1,304,105	-	
5,428	93,307	7,641	
4,463	32,308	7,641	
3,596	(286,497)	(38,129)	
89,504	1,280,356	182,138	
\$ 93,100	\$ 993,859	\$ 144,009	
\$ 92,912	\$ 993,666	\$ 142,696	
188	193	1,313	
\$ 93,100	\$ 993,859	\$ 144,009	

Continued on next page

Statement of Cash Flows – Proprietary Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Business-Type Activities Enterprise Funds			
	State Lottery	Virgina College Savings Plan	Pocahontas Parkway	Unemployment Compensation
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 366,228	\$ (99,343)	\$ (19,743)	\$ (498,075)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	5,861	45	306	-
Interest on Bonds and Notes	-	-	12,947	-
Interest, Dividends, Rents, and Other Investment Income	(32,356)	6,069	1,277	-
Miscellaneous Nonoperating Income	-	1,674	-	-
Other Expenses	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(3,605)	(76,981)	(285)	1,958
(Increase) Decrease in Due From Other Funds	-	-	-	-
(Increase) Decrease in Inventory	(448)	-	-	-
(Increase) Decrease in Prepaid Items	188	-	-	-
Increase (Decrease) in Accounts Payable	3,073	165	443	-
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	(796)
Increase (Decrease) in Claims Payable	-	-	-	1
Increase (Decrease) in Due to Other Funds	-	-	-	24
Increase (Decrease) in Interfund Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	433	-	-	-
Increase (Decrease) in Other Liabilities	(14,807)	(24)	1,712	10,106
Increase (Decrease) in Long-Term Liabilities: Due Within One Year	774	22	267	-
Increase (Decrease) in Long-Term Liabilities: Due in More Than One Year	(12,310)	250,946	29	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 313,031</u>	<u>\$ 82,573</u>	<u>\$ (3,047)</u>	<u>\$ (486,782)</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
Installment Purchases Used to Finance Capital Assets	\$ 2,850	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	(24,247)	(1,277)	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 2,850</u>	<u>\$ (24,247)</u>	<u>\$ (1,277)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

		Governmental Activities
Nonmajor	Totals	Internal Service Funds
\$ 43,861	\$ (207,072)	\$ (34,643)
5,216	11,428	16,540
-	12,947	-
-	(25,010)	-
21	1,695	1
(125)	(125)	-
(2,299)	(81,212)	(9,502)
-	-	400
(2,131)	(2,579)	1,378
1,870	2,058	(723)
1,840	5,521	(13,619)
-	(796)	2,152
2,171	2,172	3,457
41	65	-
-	-	1,098
(3,160)	(2,727)	8,253
51	(2,962)	1,251
(148)	915	33
2,444	241,109	788
<u>\$ 49,652</u>	<u>\$ (44,573)</u>	<u>\$ (23,136)</u>
\$ 4,619	\$ 7,469	\$ 12,534
245	(25,279)	-
-	-	(59)
<u>\$ 4,864</u>	<u>\$ (17,810)</u>	<u>\$ 12,475</u>

